

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**OBJECTION OF THE UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORY
(GCA/USPS-8)**

The United States Postal Service hereby files this objection to the above-identified interrogatory of the Greeting Card Association filed on December 30, 2011. The interrogatory is stated verbatim and followed by a statement of the basis for the objection.

GCA/USPS-8

- (a) Please confirm that the price of a postal product, P_i , should equal its marginal utility, V_i , (value) to the buyer, according to microeconomic theory under competitive conditions? If you do not confirm, please explain why.
- (b) Please confirm that if there is a change in that product that reduces its marginal utility or value to the consumer to V_j , where $V_j < V_i$, that a new equilibrium is only reached after the price of the product moves in the direction of $P_j < P_i$ until $P_j = V_j$? If you do not confirm, please explain why.

Both subparts of the interrogatory seek information pertaining to the pricing of postal products. The Postal Service objects to the interrogatory because it seeks information irrelevant to issues within the scope of a request for an advisory opinion brought under section 3661 of title 39 United States Code.

The scope of proceedings under section 3661 is limited to whether potential changes in the nature of postal services would conform to various service-related policies of title 39. Proceedings under section 3661 do not involve a review of pricing theory in general or the pricing criteria in sections 3622 and 3633 that apply to changes

in market dominant and competitive products, respectively.¹ See 39 C.F.R. Parts 3010 and 3015.

If and when service changes within the scope of this docket are implemented and applied to existing postal products, the relationship between the resulting services and prices is a proper subject of examination in proceedings outside the scope of section 3661. That fact, however, does not justify expanding the limited scope of section 3661 proceedings to explore such issues.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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¹ Or that could be raised in a section 3662 complaint seeking review of the relationship between existing prices and existing terms of service services. See 39 C.F.R. Part 3030.